



TELENOR GROUP

Fourth quarter 2020

Sigve Brekke, CEO

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The comments in the presentation are related to Telenor's development in 2020 compared to the same quarter of 2019, unless otherwise stated.

2020 – Highlights

Empowering societies; employees, customers and connectivity

Modernisation; provide ability to accelerate and innovate

Financial robustness confirmed; growth in EBITDA and strong cash flow

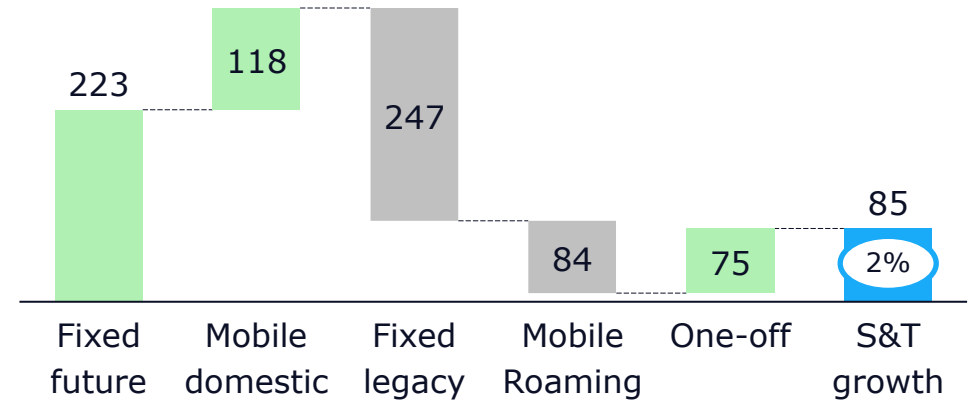


Robust performance in the Nordics

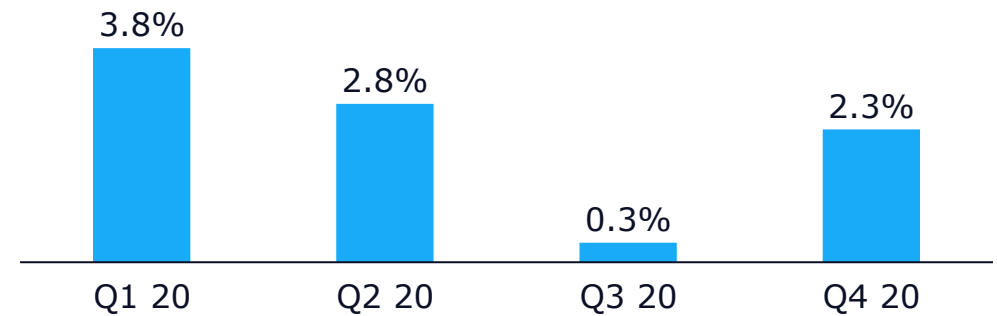
Highlights

- Limited Covid-19 effect beyond roaming
- Value added service growth in Norway continues
- Solid momentum on 5G upselling in Finland
- Sweden on improving trend, expected to stabilise during Q2 2021
- Denmark sees strong EBITDA in Q4 backed by higher subscriber base

Norway S&T revenue growth (yoy change)



Finland S&T revenue growth

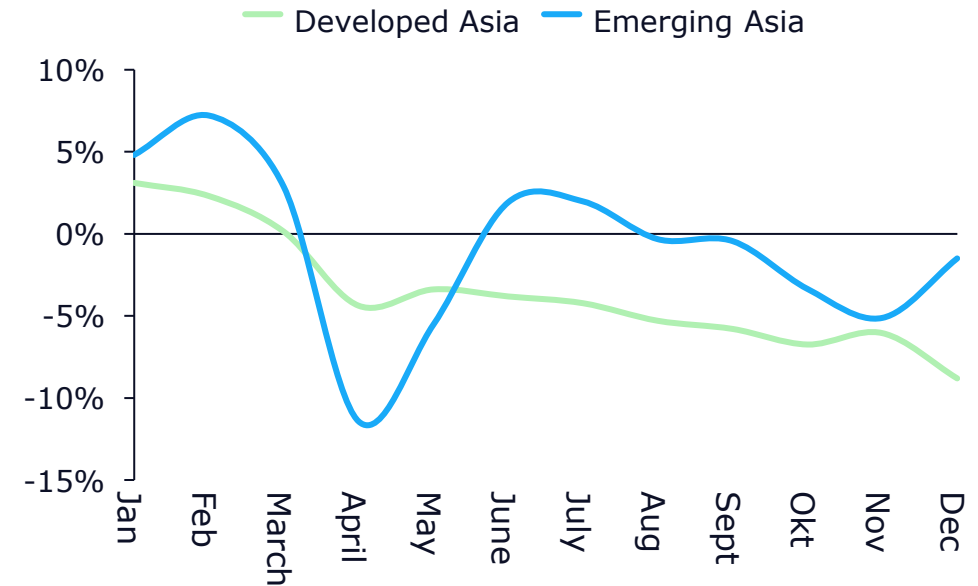


Timing of Asia recovery remains uncertain

Key developments

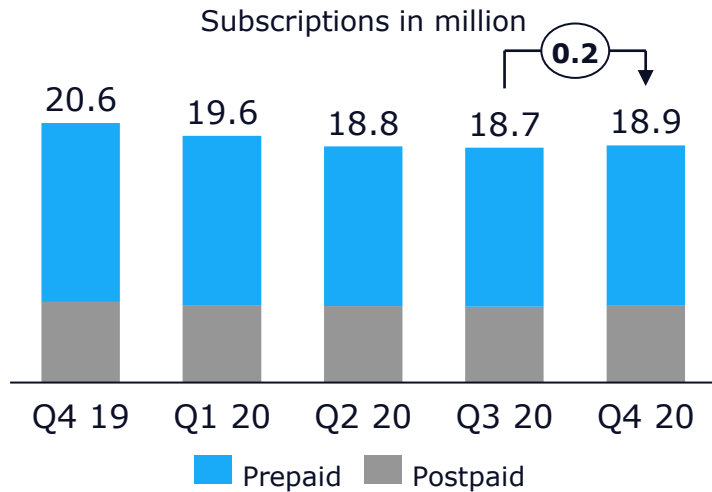
- › Thailand and Malaysia influenced by shortfall in tourist and migrant segment.
- › Second Covid-19 wave increases the duration.
- › Reduced economic activity starts to impact Asian consumer behaviour

Organic subs & traffic revenue growth (%)



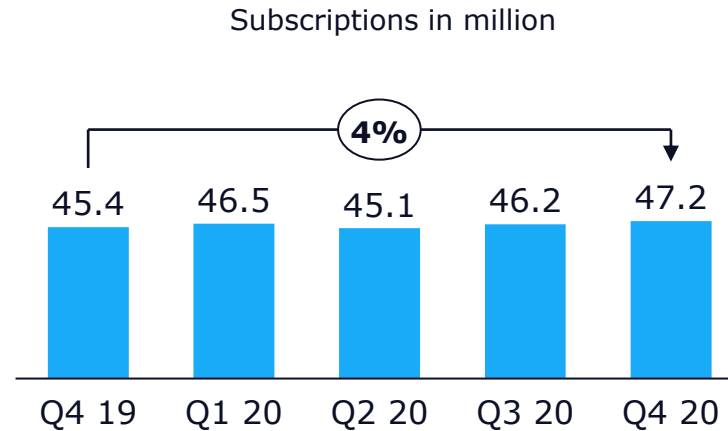
Adapting to changing environments

Domestic focus in Thailand



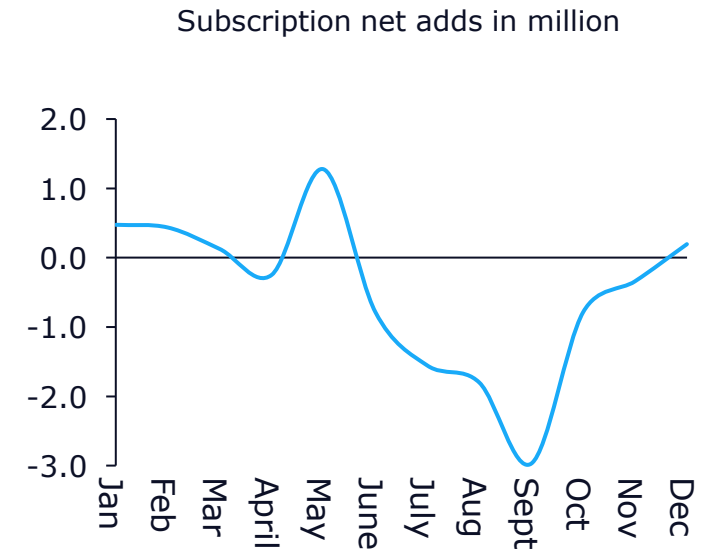
- > Net adds turned positive in Q4, up 173k
- > 5G roll-out started on the low band frequency

Targeted efforts in Pakistan yield results



- > Strong trend in customer intake
- > Increasing data demand supporting revenue development

Improving trend in Myanmar



Strategic update



Growth



Modernisation



**Responsible
business**

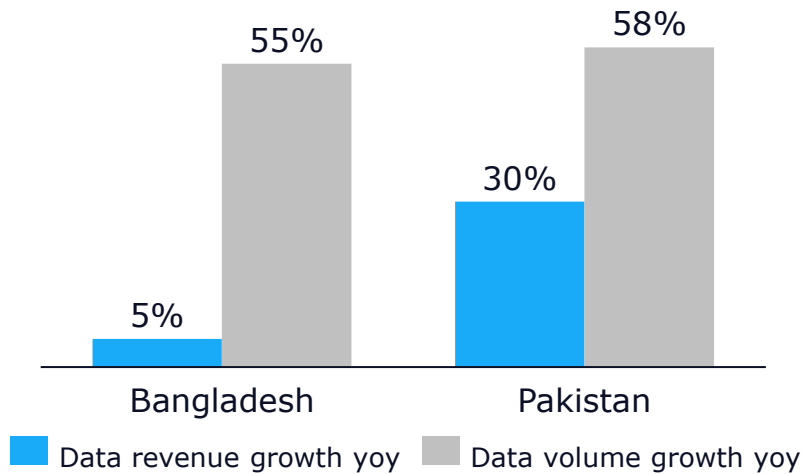




Growth

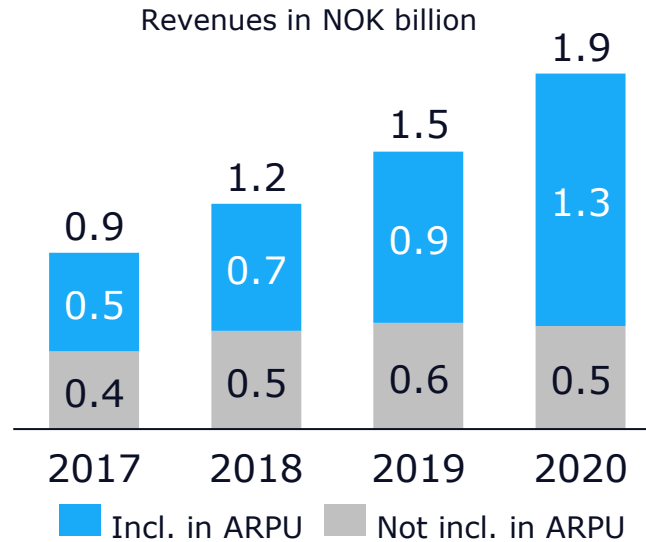
Strategic growth areas for 2021-2022

Data growth Emerging Asia



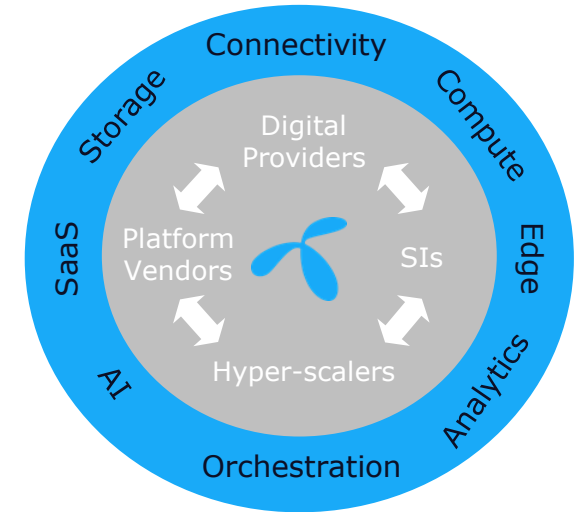
- > Increasing data demand driving growth in revenues
- > B2B opportunities across Asian portfolio

Value added services Norway



- > Increasing contribution from value added services
- > Implementing Nordic Product House

Accretive 5G opportunity



- > Initially through speed based bundling and 5G tariffs
- > Targeted partnership to explore expansion of core market

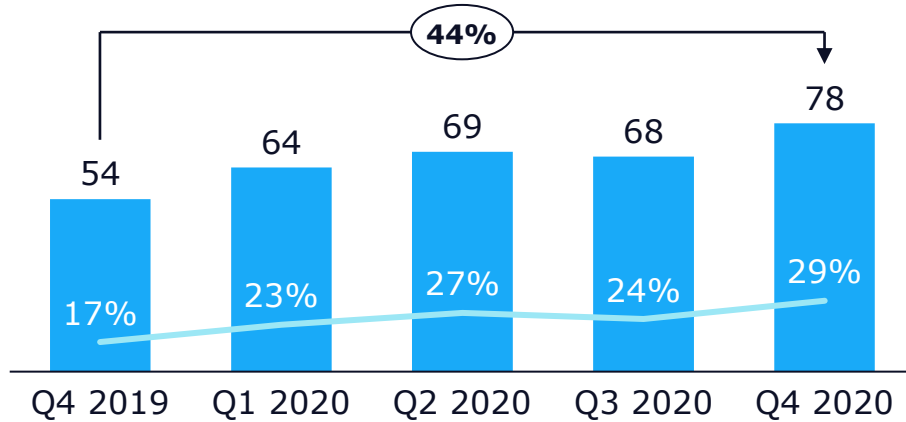


Modernisation – a foundation for growth



Modernisation

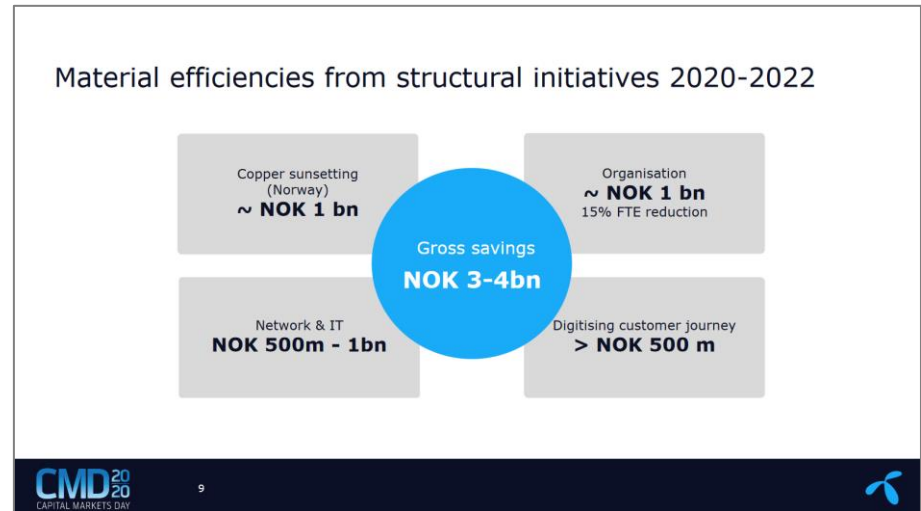
Enabling digital customer interaction



Digital recharge in Pakistan (transactions in million & share of total %)

- Sale in digital channels scaled up with discounts, partnerships and targeted sales

Executing on structural efficiencies



- NOK 1.5 bn in realised structural effects for 2020

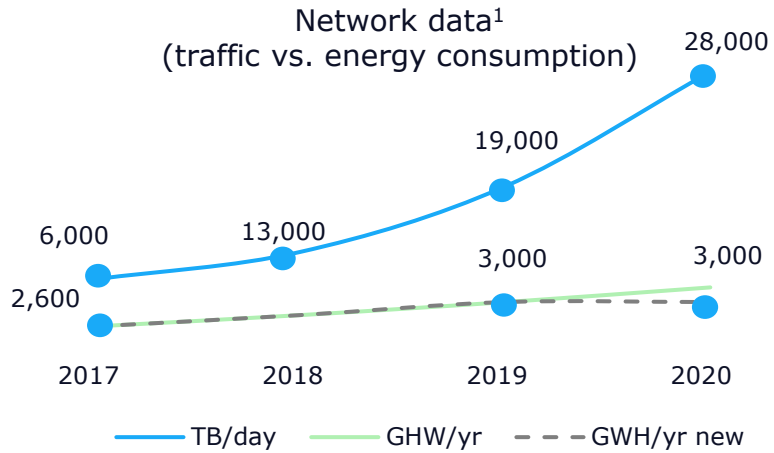


Taking action to reduce emissions



Responsible business

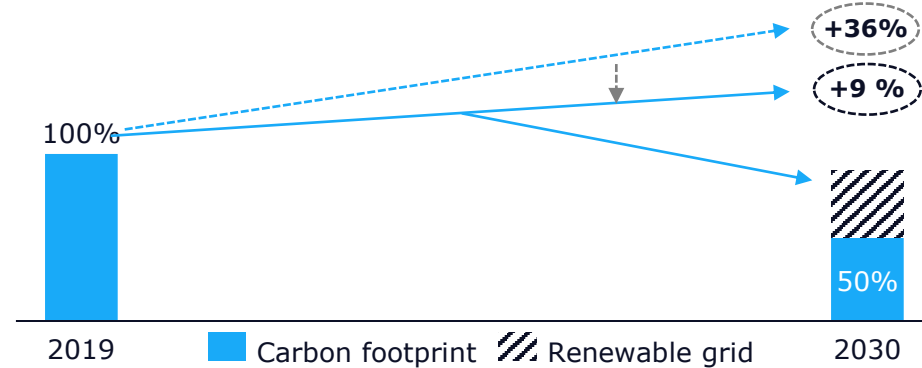
Increased energy efficiency



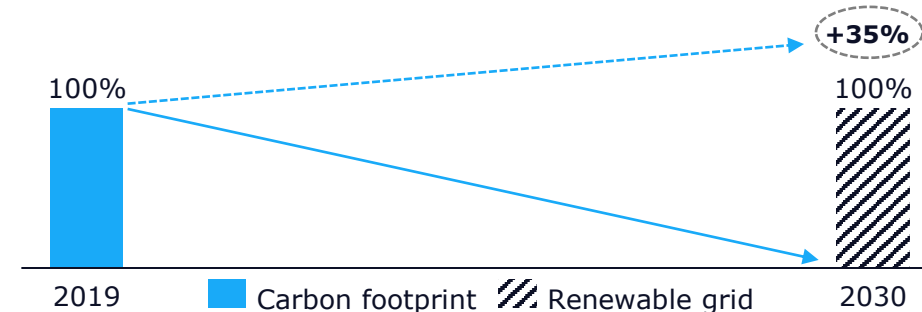
- > Data growth across Telenor of 42% in 2020 driving increased energy consumption
- > Efforts already yielding results: Breaking the energy consumption curve, -1.5% in 2020
- > Solar sites in Asia increased by 27% yoy, to 3,800 sites, contributing to ~35,000 tonnes CO2 p.a.

Ambitious climate goal in Asia

Asia accounting for ~90% of CO2 emissions



Carbon neutral in the Nordics



○ Forecasted emissions without initiatives ○ Forecasted emissions with initiatives





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Fourth quarter 2020

Tone Hegland Bachke, CFO

Highlights

2020

Q4 2020

Organic S&T revenues

-2%

-3%

OPEX

-7%**

-7%*

Organic EBITDA

2%

0%

Free cash flow

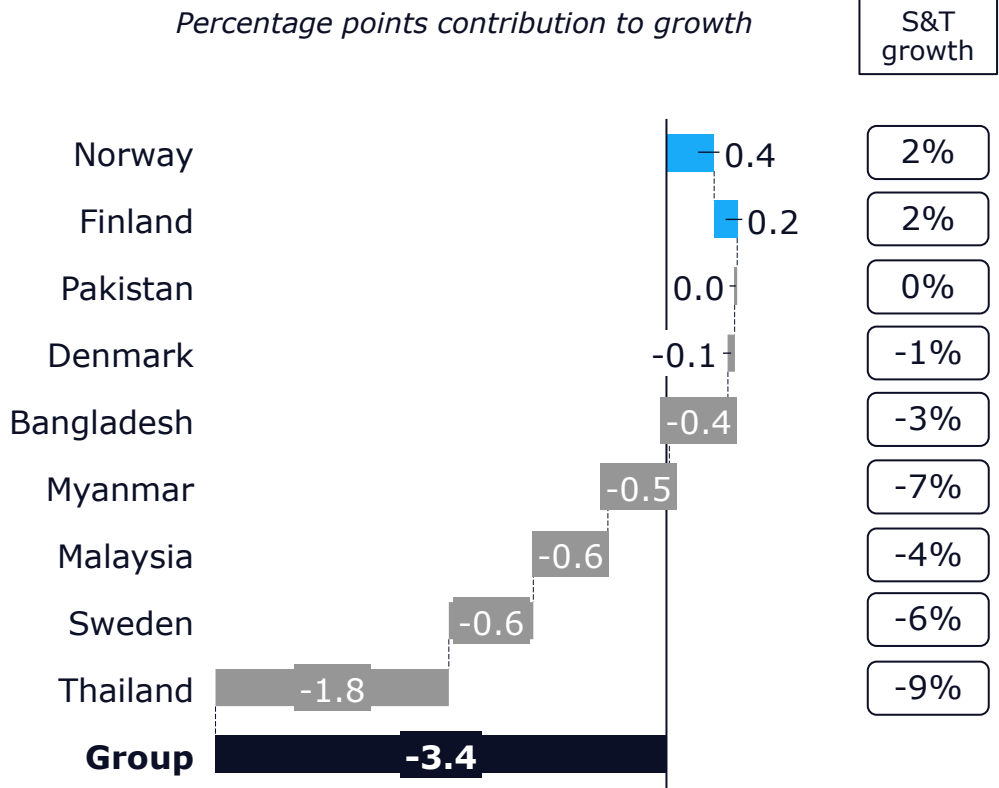
20.9 bn

9.1 bn

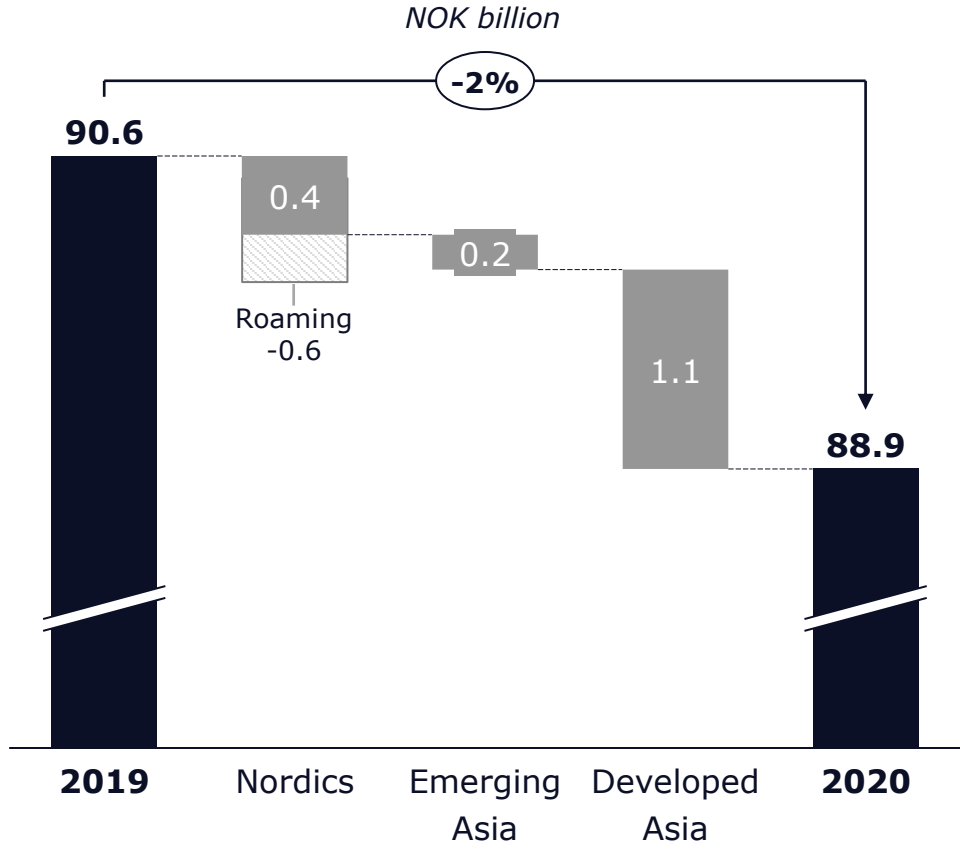


Organic subscription and traffic revenues -2% in 2020

Organic subscription and traffic revenues Q4



Organic subscription and traffic revenues 2020



Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony and data services

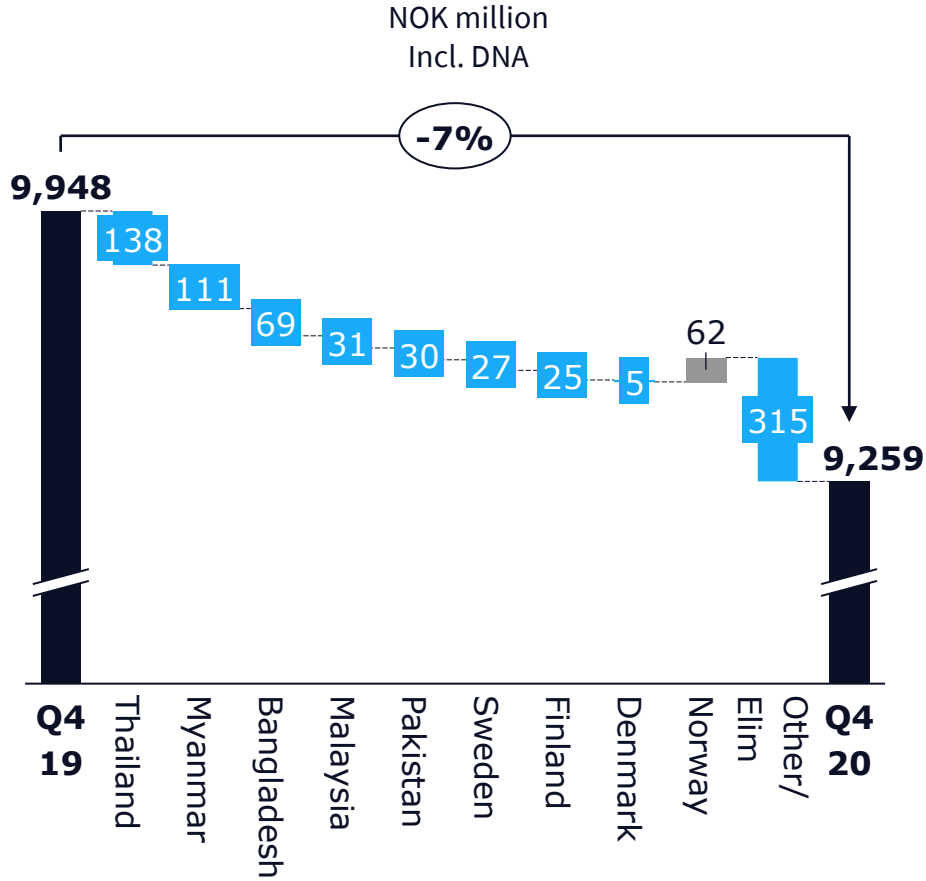


Solid opex reduction of 7% in 2020

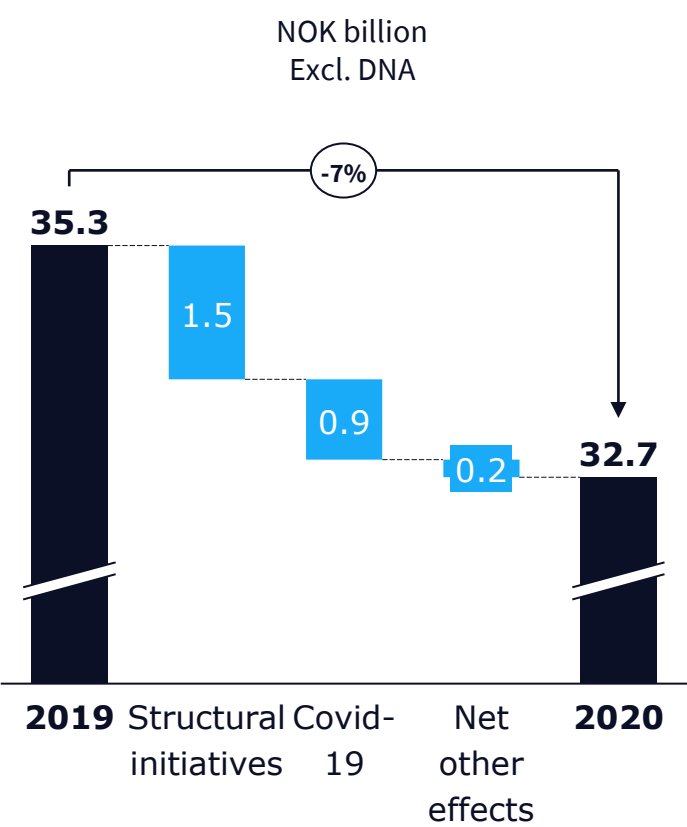
Q4 opex by category*



Q4 opex by country (NOK m)*



Full year opex*



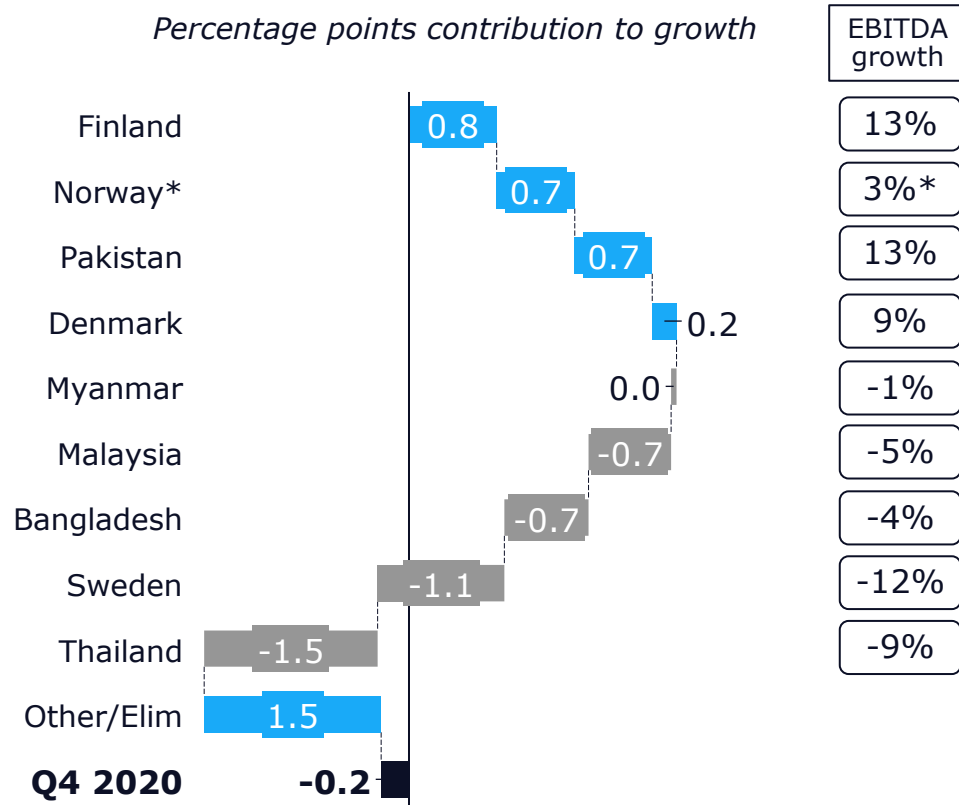
* FX adjusted



Organic EBITDA growth of 2% in 2020

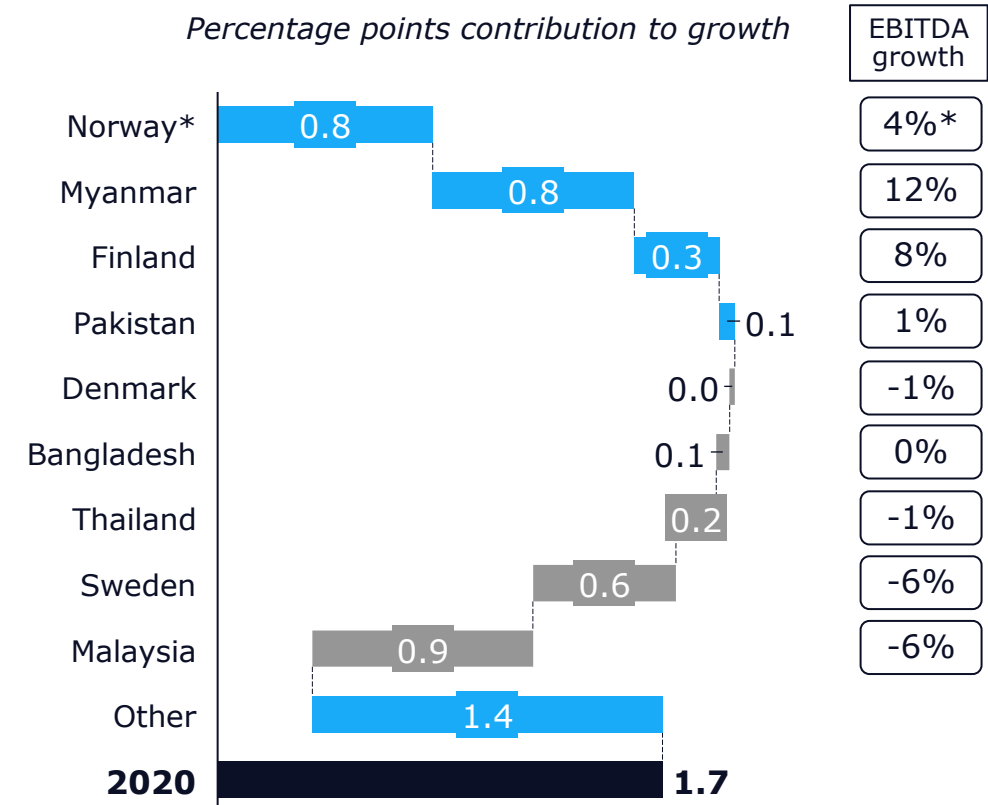
Q4 Organic EBITDA growth (%)

Percentage points contribution to growth

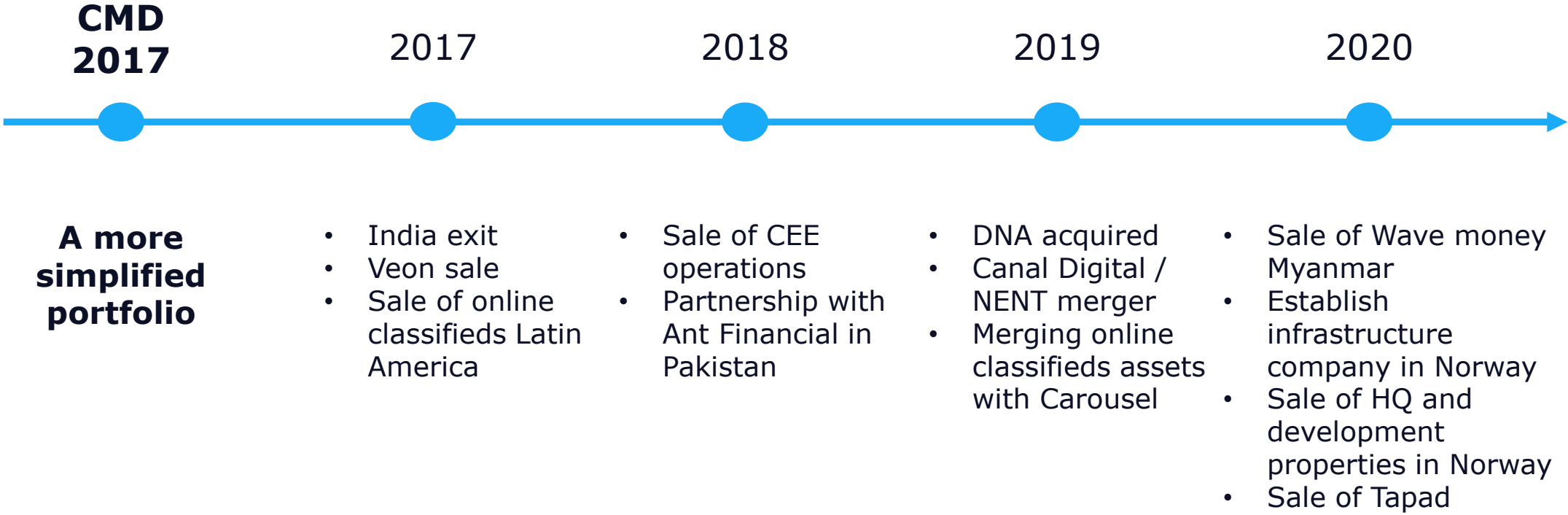


2020 Organic EBITDA growth (%)

Percentage points contribution to growth



Steady execution on portfolio development



Continued focus on passive infrastructure in 2021

2020

Establish infrastructure company in Norway

- › Strong first year of operation, hitting all performance targets
- › External revenue up 10%
- › EBITDA of MNOK 900
- › Tenancy ratio of 2.2 for ground-based towers



2021

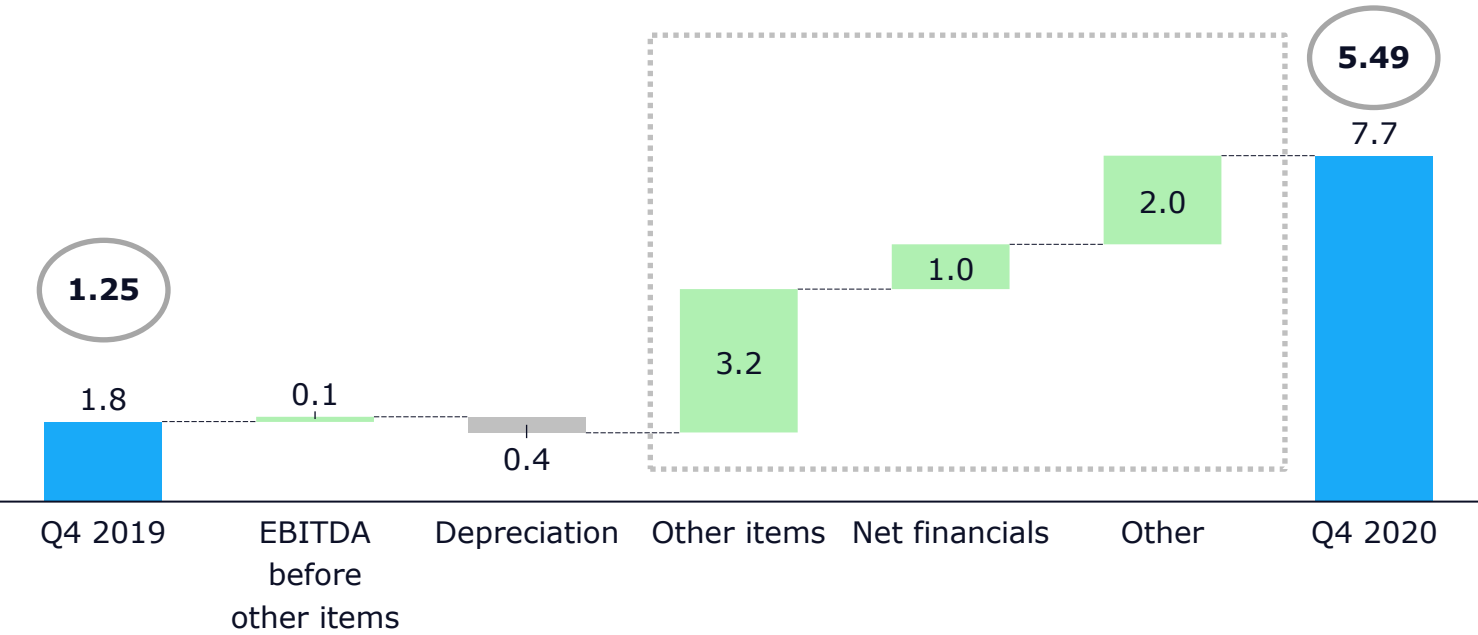
Establish Nordic tower setup

- › Establish tower companies for owned towers
- › Report key financials within 2021
- › 32k sites directly owned or through JV's
- › Focus on operational advancement and strategic optionality

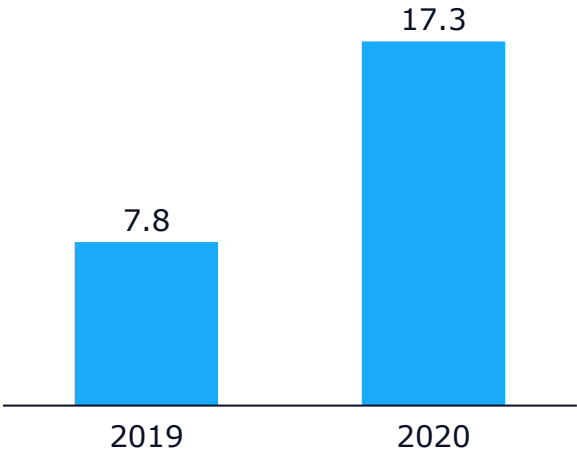


Net income to equity holders of NOK 17 billion in 2020

Net income to equity holders NOK billion



Net income to equity holders NOK billion

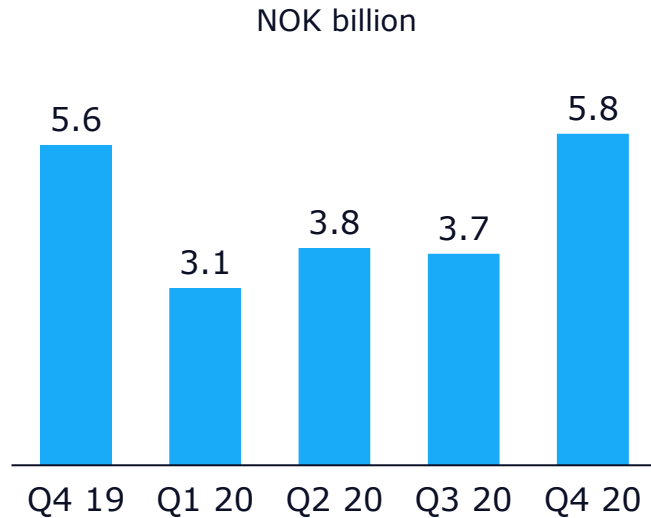


○ Earnings per share



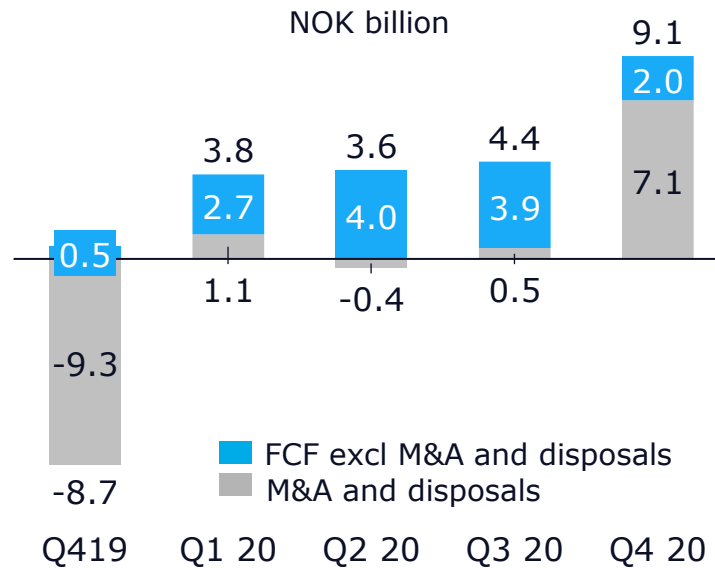
2020 free cash flow before M&A of NOK 12.5 billion

Capex excluding licenses



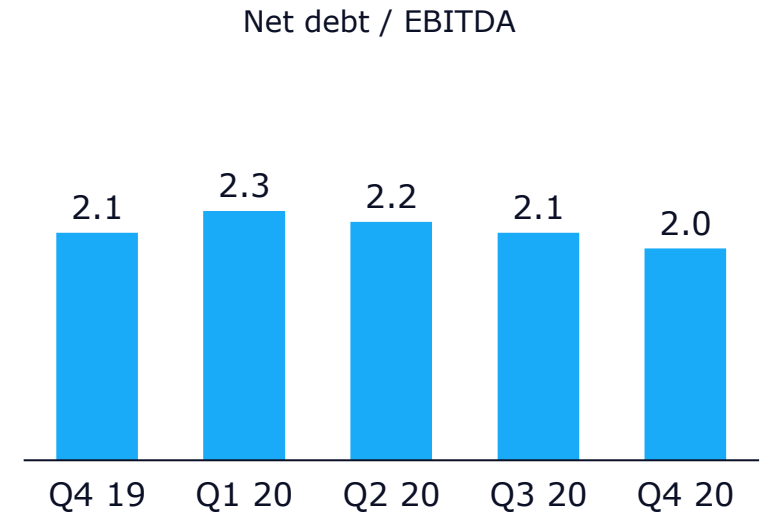
> Capex on par with last year

Free cash flow



Free cash flow to equity holders of Telenor ASA

Leverage



> Reduced ratio from improved EBITDA and NOK strengthening

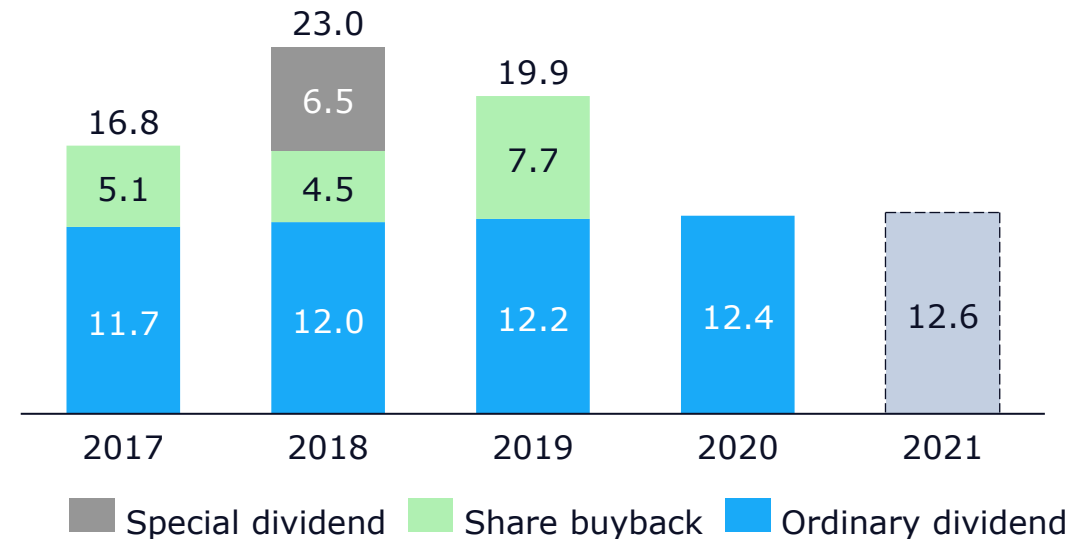


Proposing ordinary dividend of NOK 12.6 bn to shareholders

3% growth in ordinary dividend per share

- › Proposing a dividend of **NOK 9.0 per share** for FY 2020, in line with current dividend policy. Subject to approval by AGM.
- › First tranche of NOK 5.0 in May, second tranche of NOK 4.0 in October
- › Dividend yield of 6%, total payout of NOK 12.6 billion
- › NOK 85 billion returned to shareholders last 5 years

Solid shareholder remuneration





Outlook 2021

**Organic
subscription & traffic revenues**

Around 2020 level

Organic EBITDA

Around 2020 level

Capex excl. licences

Capex/sales of 15-16%

Mid term ambitions maintained





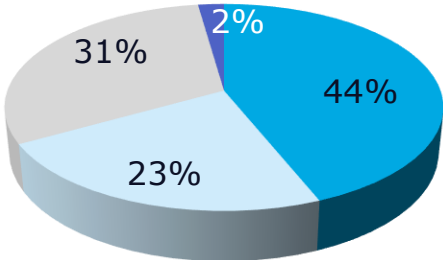
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Fourth quarter 2020

Appendix

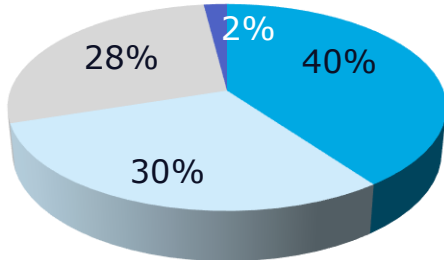
Geographic split of key financials 2020

Revenues



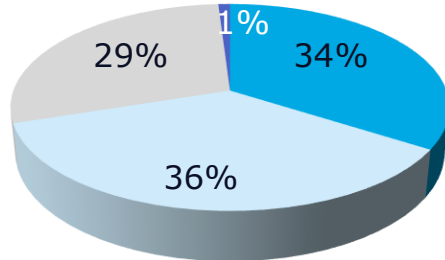
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



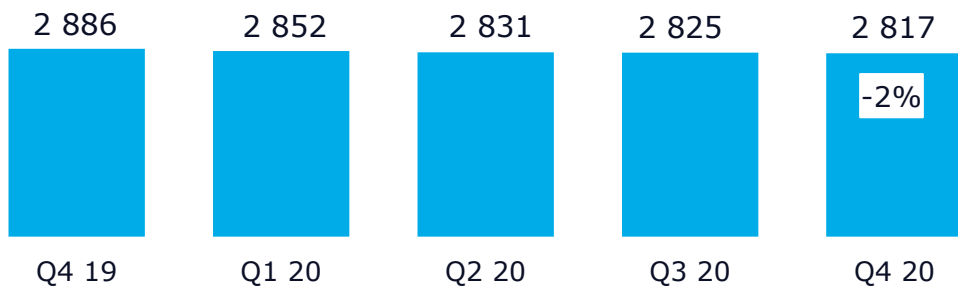
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.

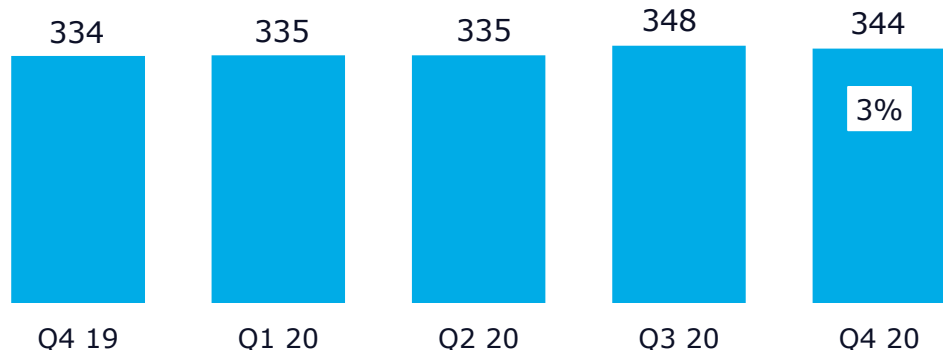


Norway

Mobile subscribers ('000)

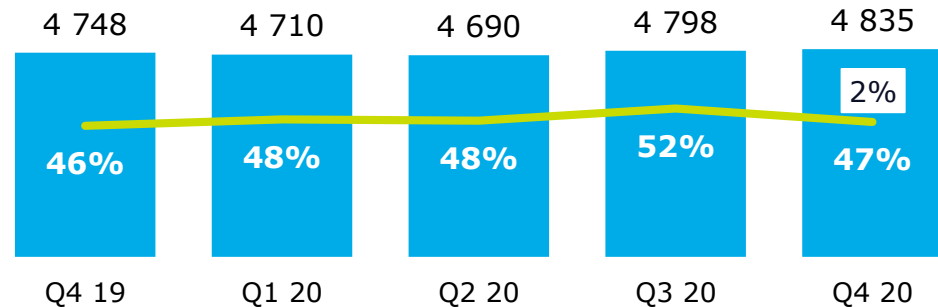


Mobile ARPU (NOK/month)

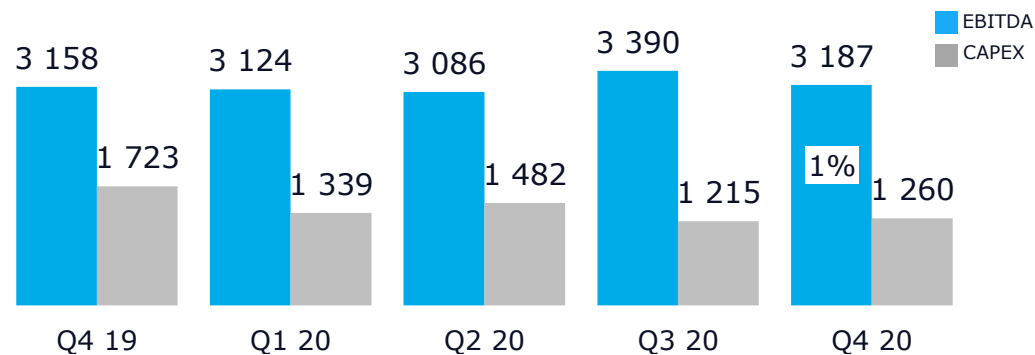


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

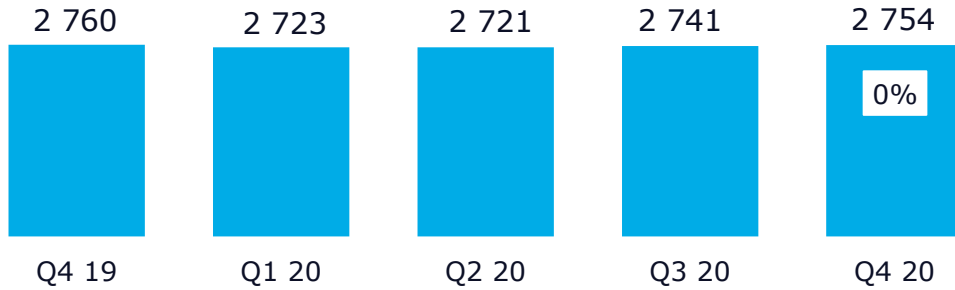


Organic growth

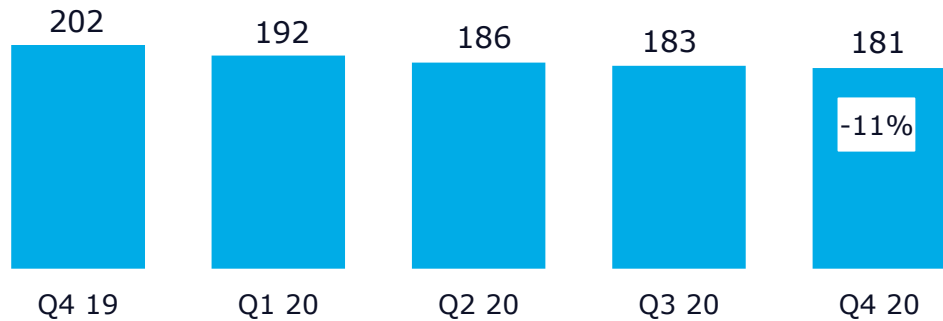


Sweden

Mobile subscribers ('000)

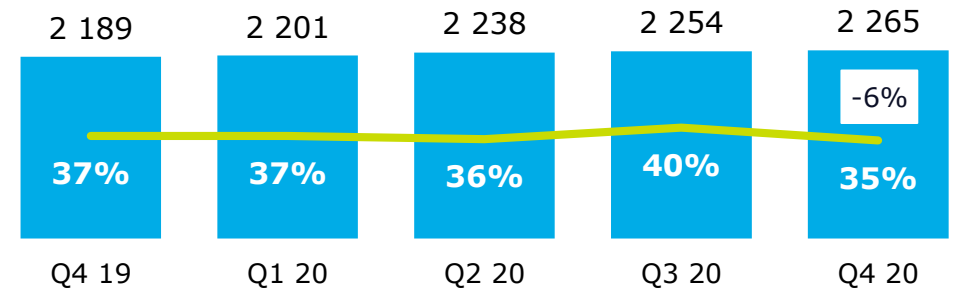


Mobile ARPU (SEK/month)

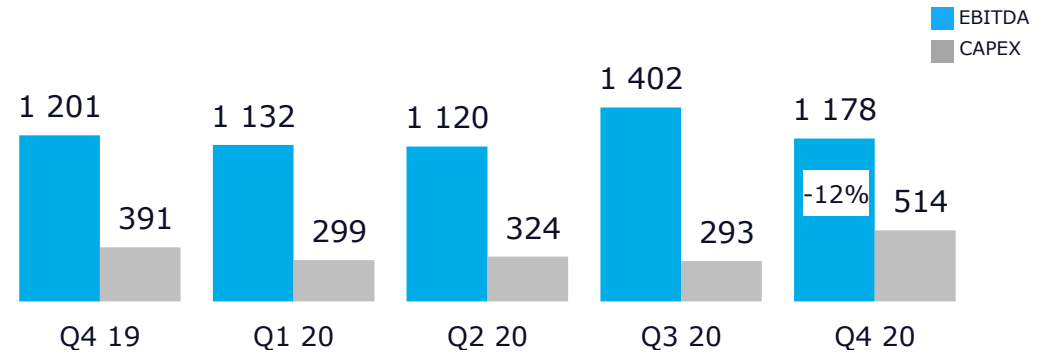


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs. and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

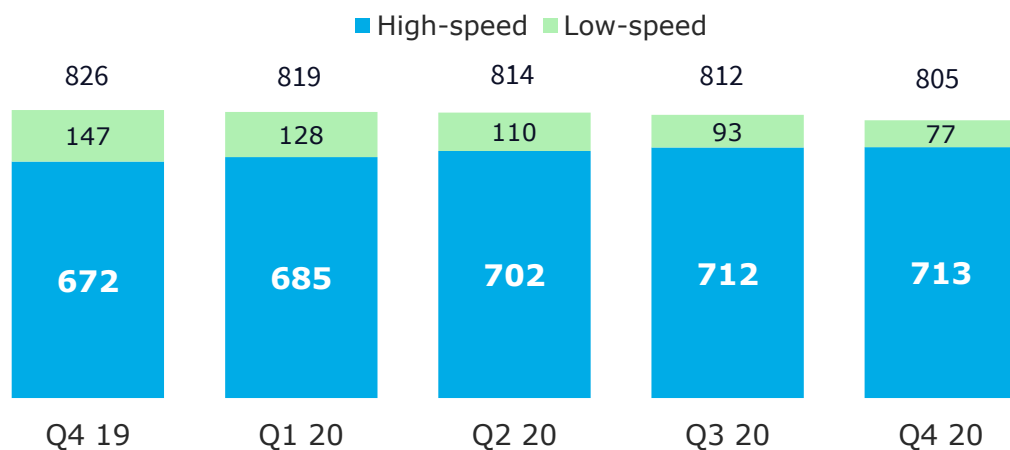


Organic growth

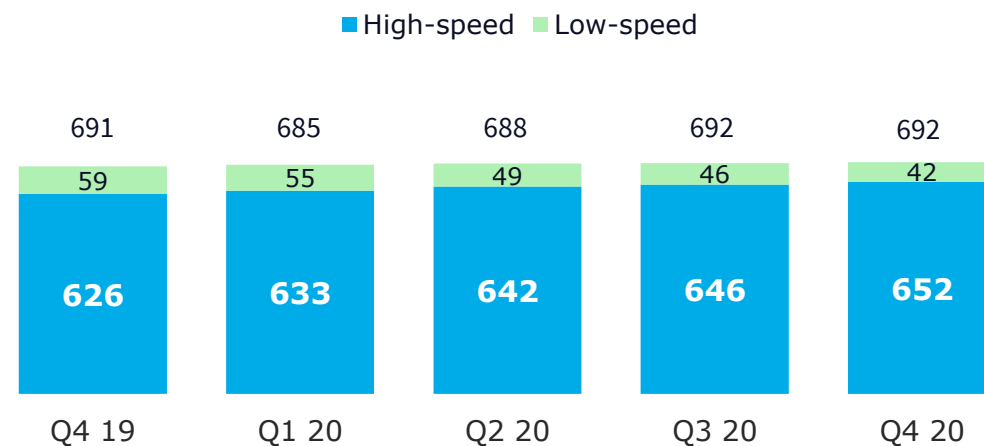


Additional information – Norway and Sweden

Norway – fixed broadband subscribers ('000)

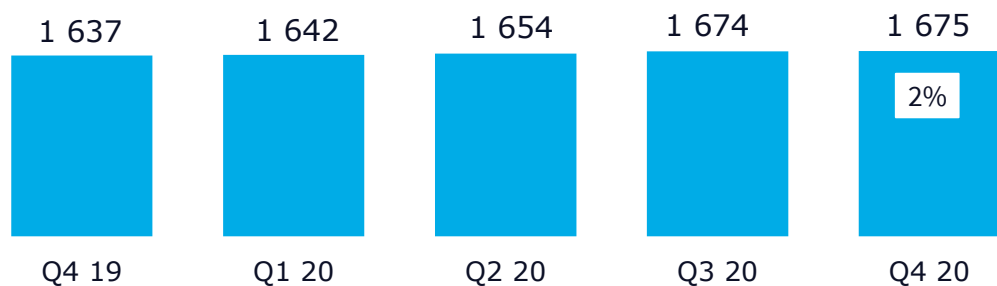


Sweden – fixed broadband subscribers ('000)

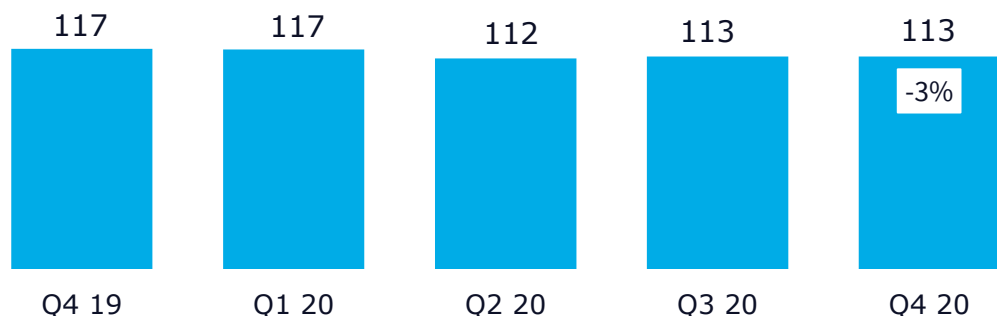


Denmark

Mobile subscribers ('000)

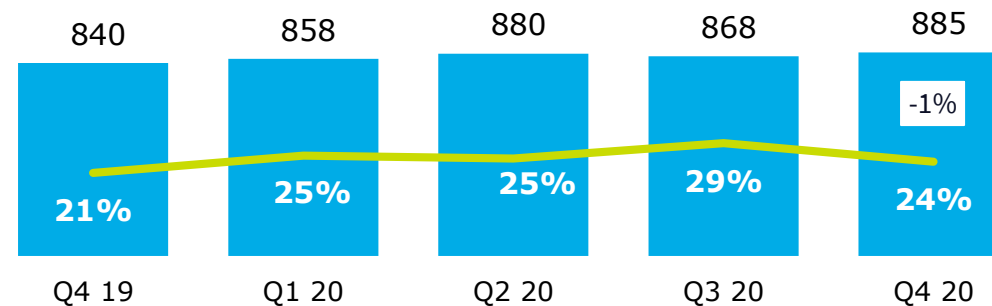


Mobile ARPU (DKK/month)

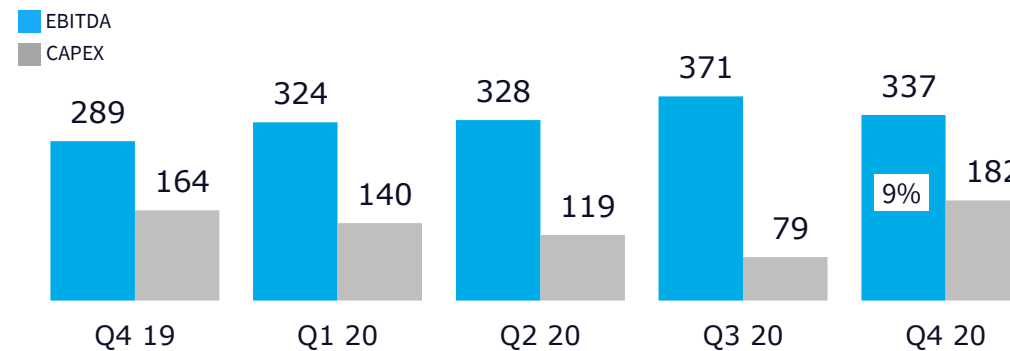


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

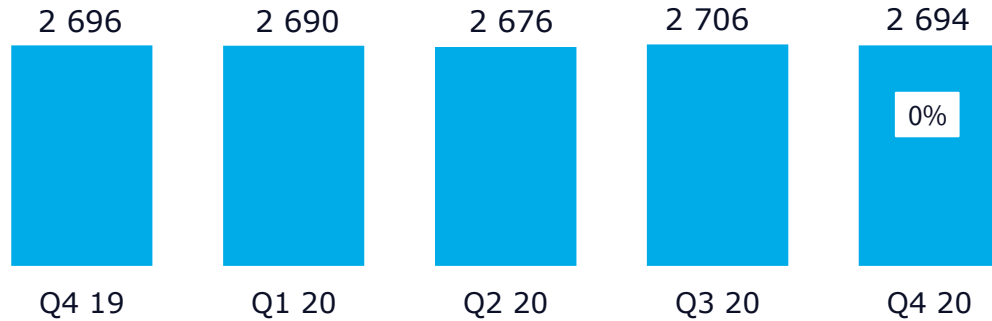


Organic growth

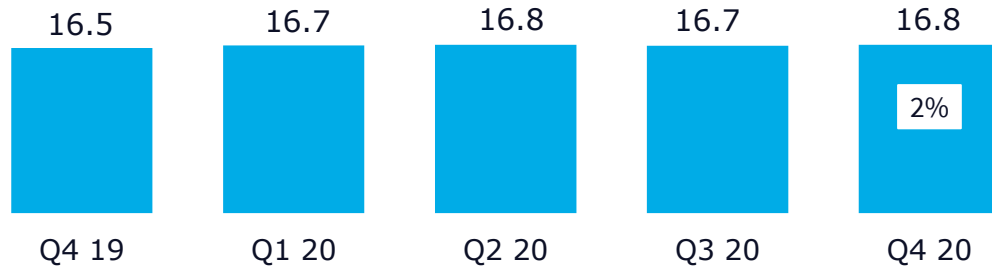


Finland

Mobile subscribers ('000)

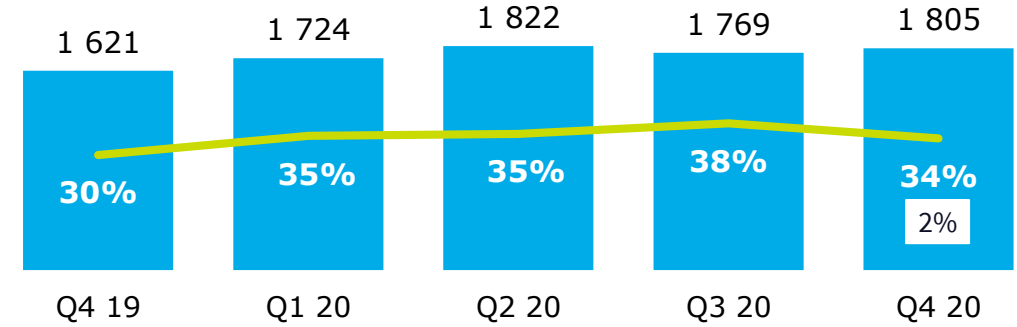


Mobile ARPU (EUR/month)

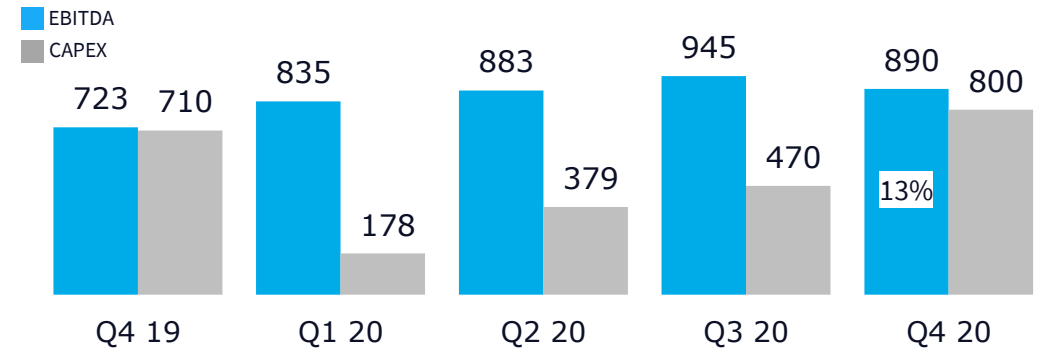


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

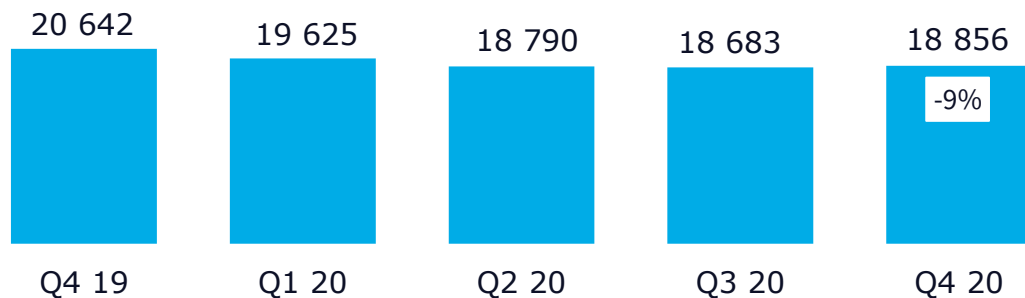


Organic growth

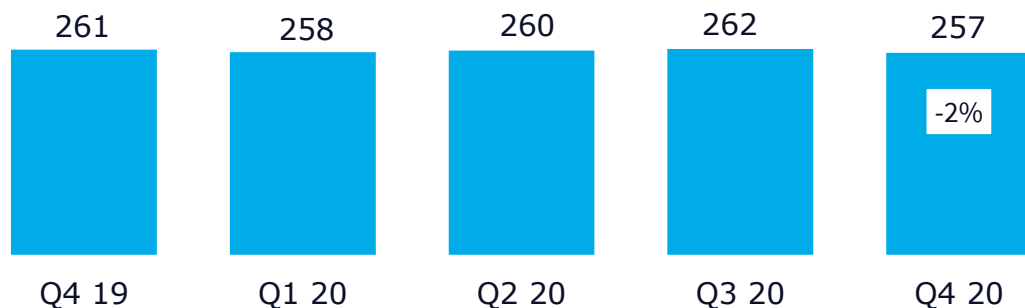


Thailand (dtac)

Mobile subscribers ('000)

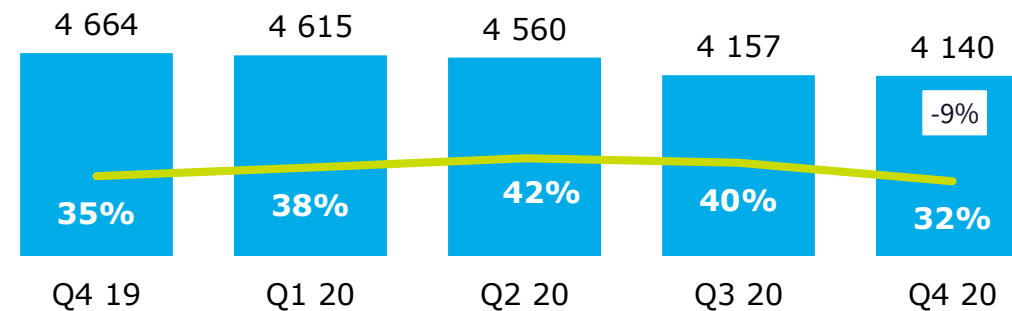


Mobile ARPU (THB/month)

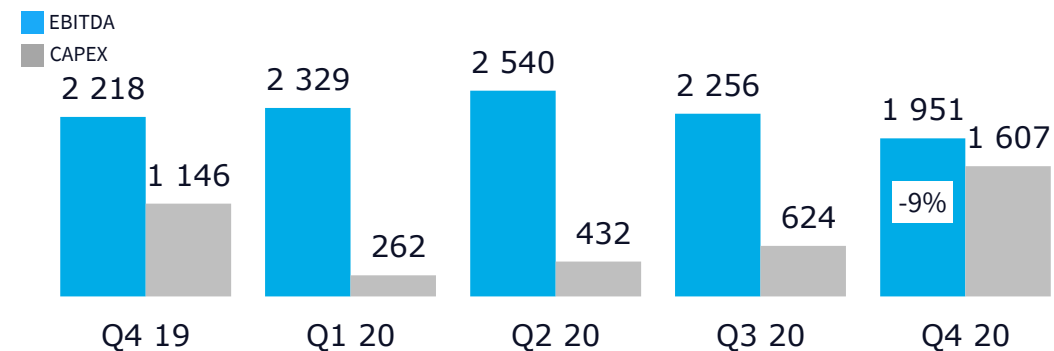


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

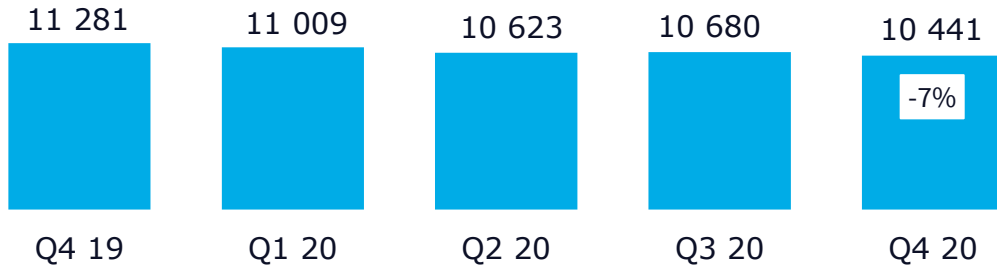


Organic growth

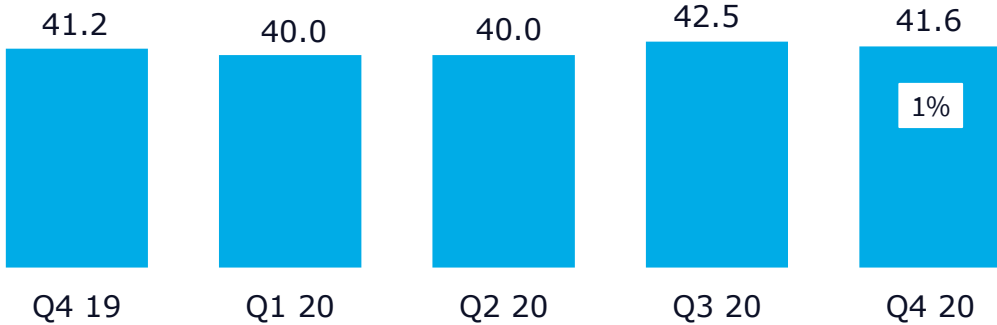


Malaysia (Digi)

Mobile subscribers ('000)

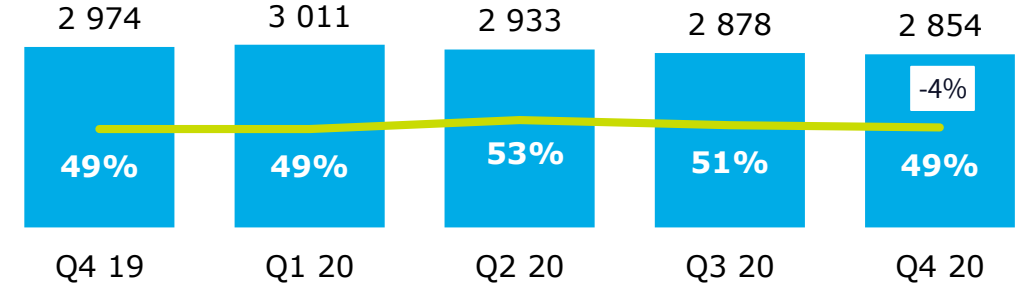


Mobile ARPU (MYR/month)

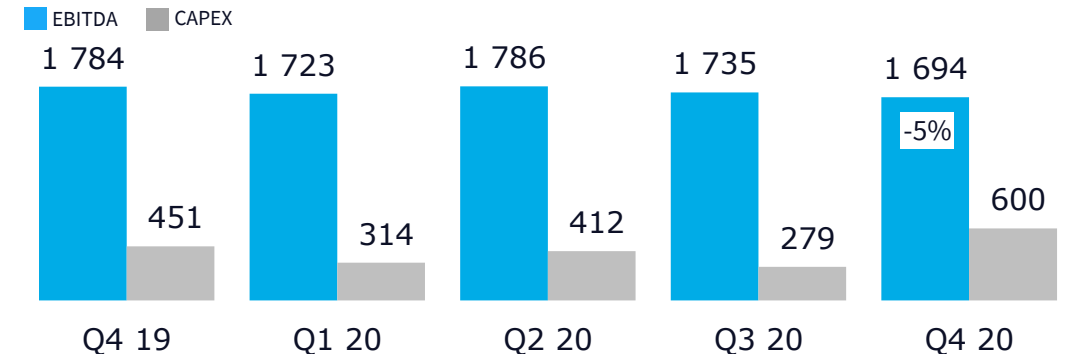


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

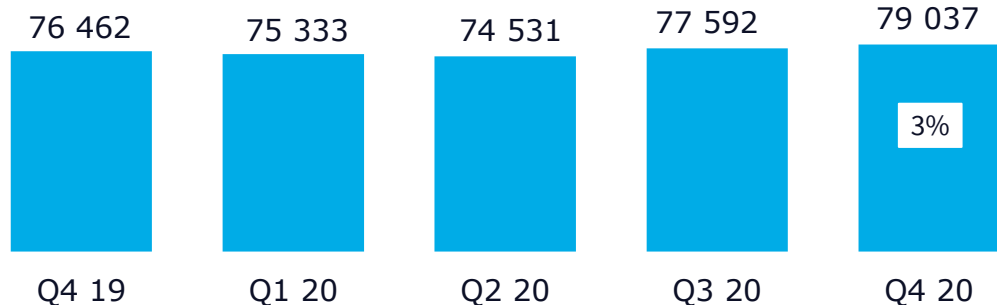


Organic growth

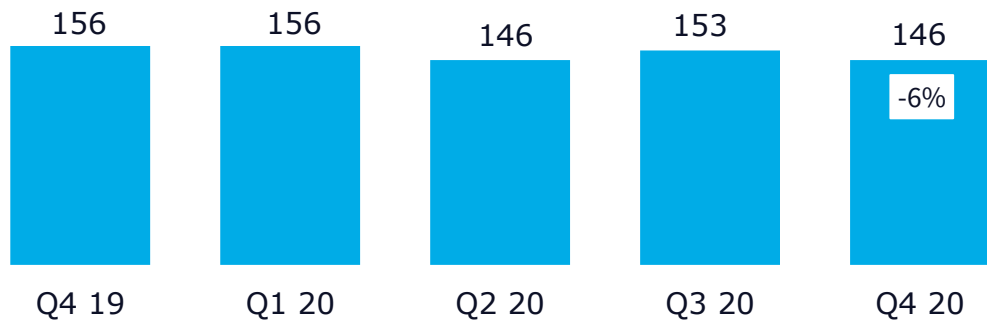


Bangladesh (Grameenphone)

Mobile subscribers ('000)

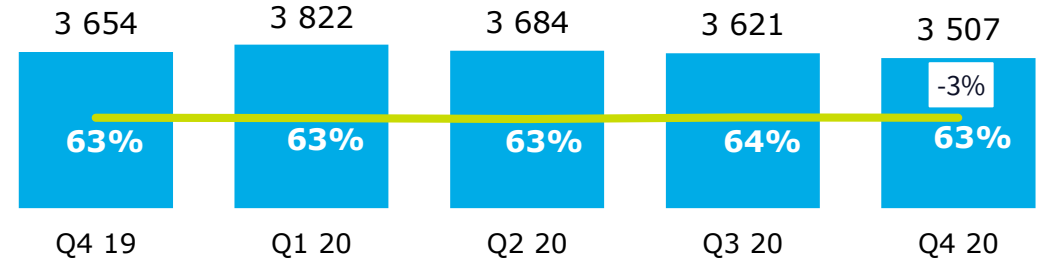


Mobile ARPU (BDT/month)

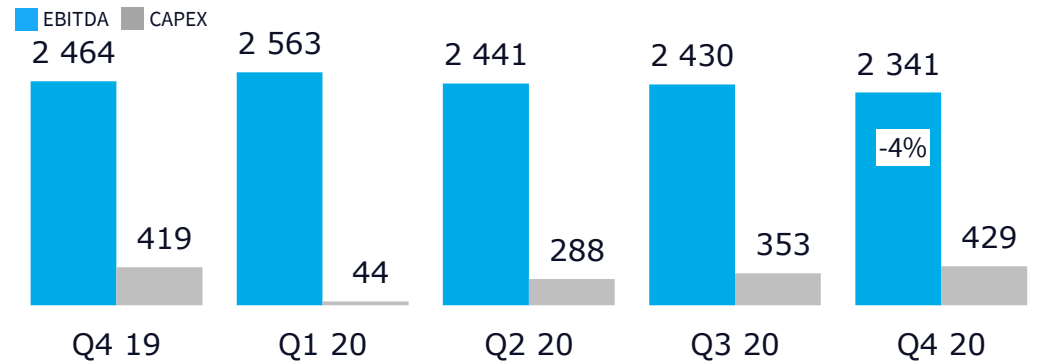


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

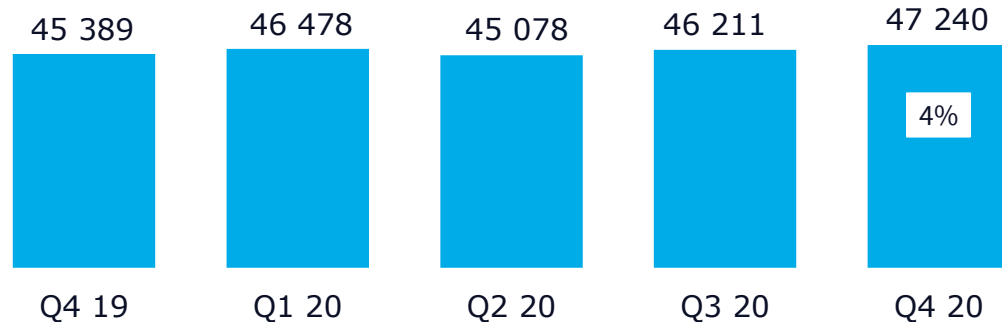


Organic growth

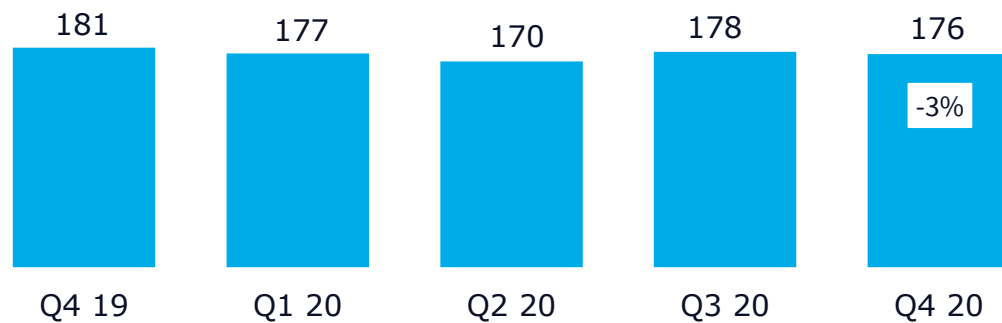


Pakistan

Mobile subscribers ('000)

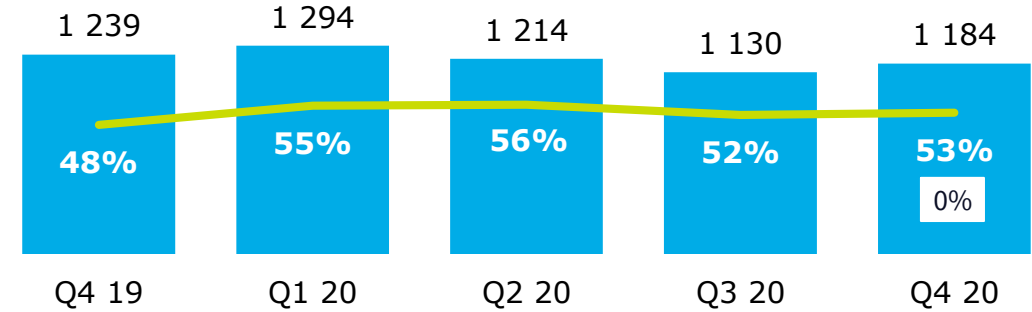


Mobile ARPU (PKR/month)

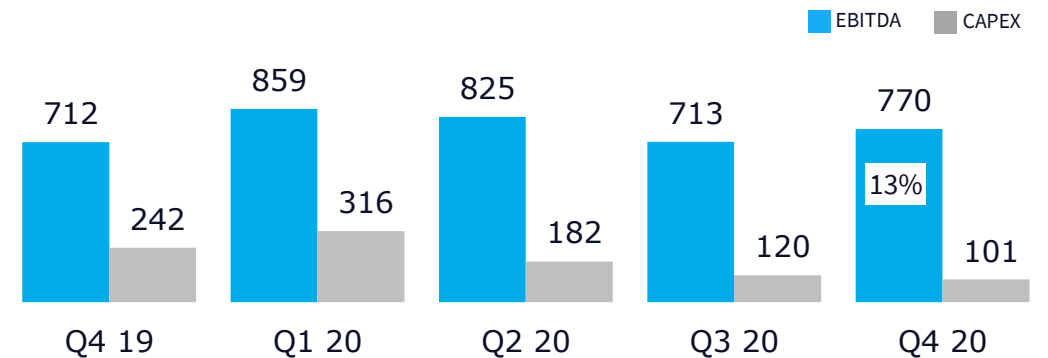


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

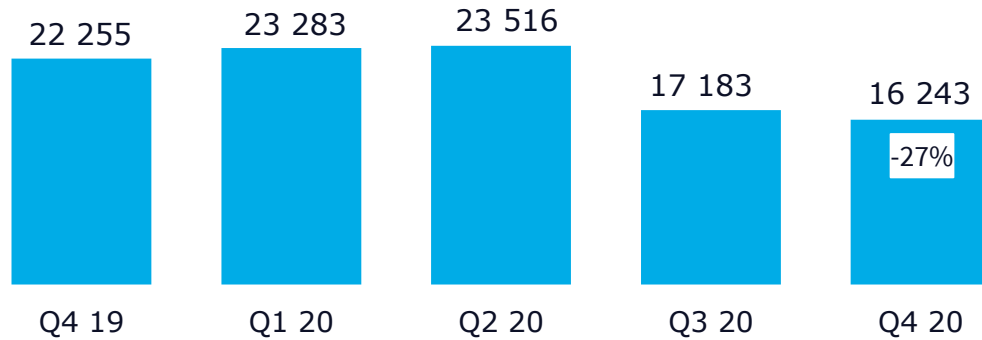


Organic growth

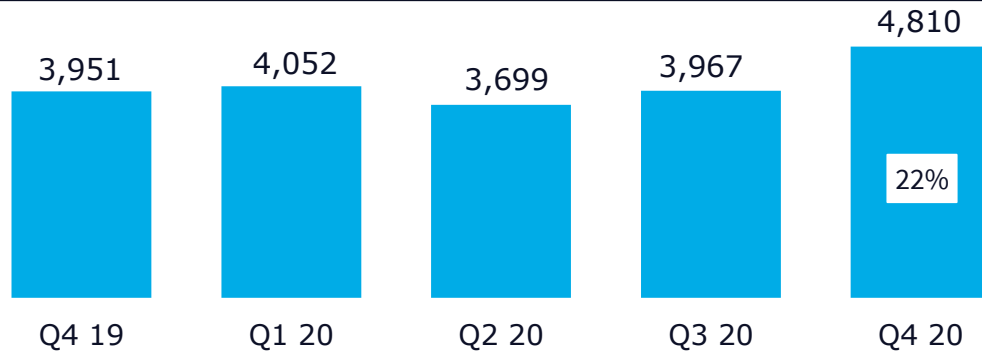


Myanmar

Mobile subscribers ('000)

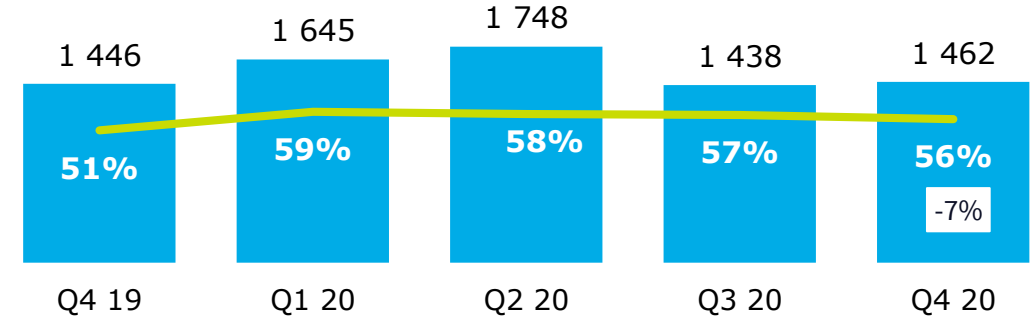


Mobile ARPU (MMK/month)

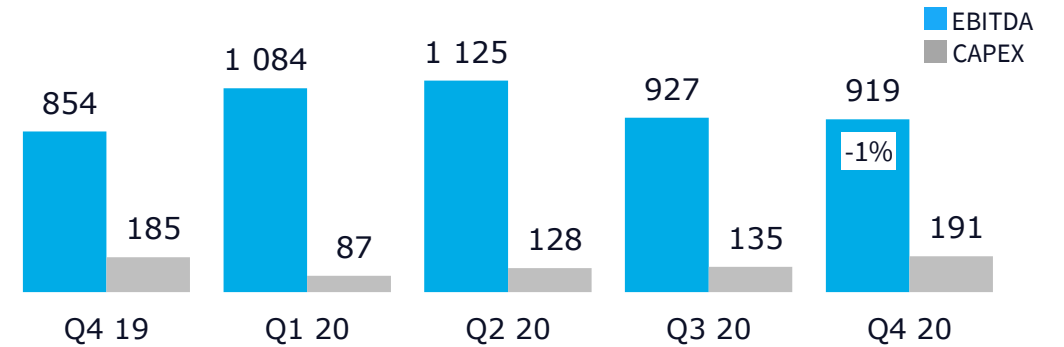


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



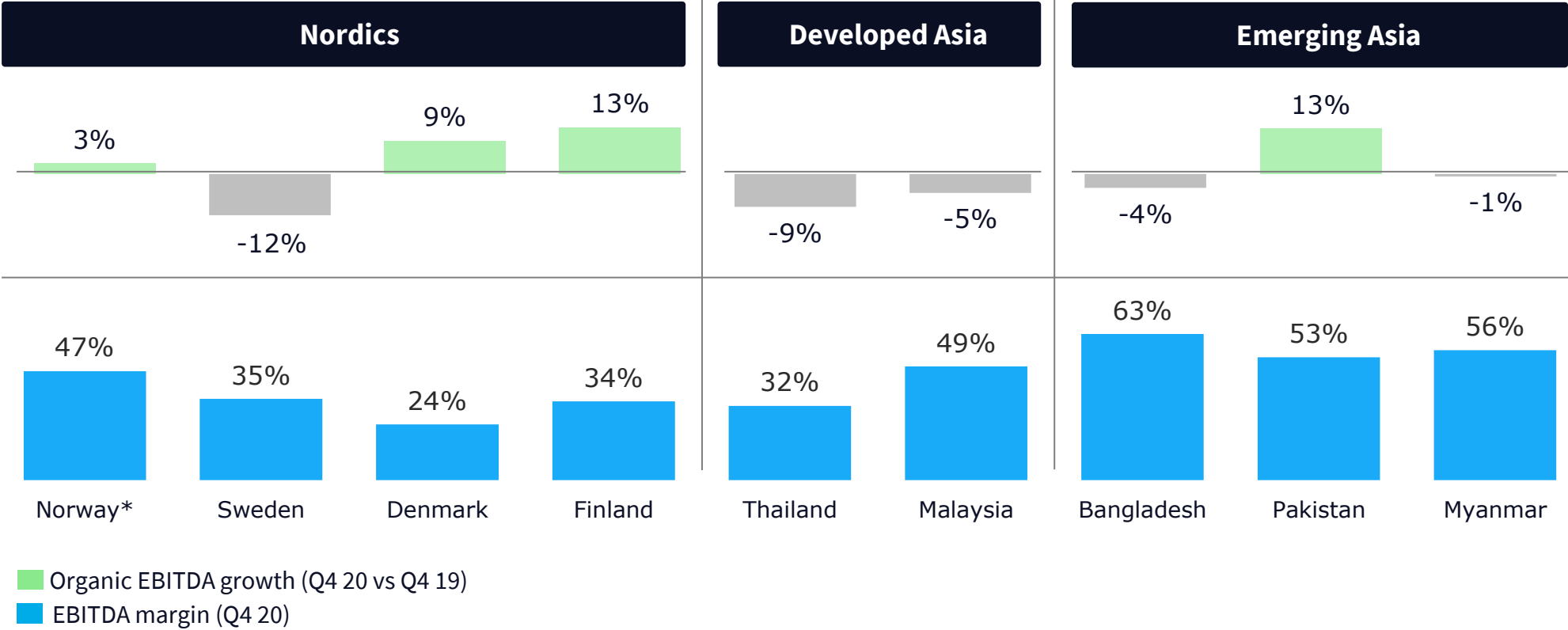
EBITDA and capex (NOK m)



Organic growth



Organic EBITDA growth



Q4 growth in subscription and traffic revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	1.8%	1.8%	0.9%	3.0%*
Sweden	3.5%	-6.5%	-2.0%	-11.5%
Denmark	5.4%	-1.4%	16.6%	9.3%
Finland	11.4%	2.3%	23.1%	13.1%
Thailand	-11.2%	-9.0%	-12.1%	-9.2%
Malaysia	-4.0%	-4.4%	-5.1%	-5.3%
Bangladesh	-4.0%	-2.8%	-5.0%	-3.9%
Pakistan	-4.4%	-0.3%	8.1%	12.8%
Myanmar	1.1%	-7.1%	7.6%	-0.7%
Telenor Group	-1.9%	-3.4%	0.9%	-0.2%



Net income of NOK 7.7 billion for Q4 2020

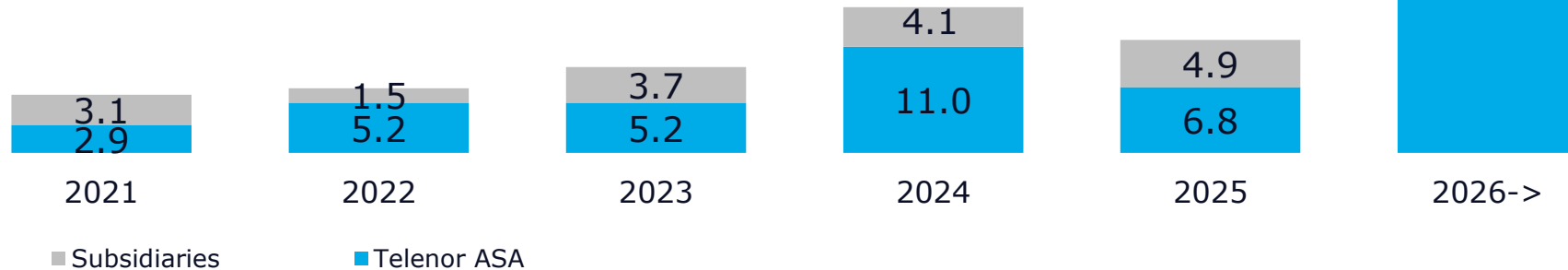
NOK m	2019	Q4 2019	Q4 2020
Revenues	113,666	31,737	30,949
EBITDA before other items	50,735	13,397	13,512
Other items	(459)	(215)	2,974
EBITDA	50,276	13,182	16,486
Depreciation & amortisation	(24,574)	(6,899)	(7,194)
Operating profit	25,702	6,283	9,292
Associated companies	(849)	(588)	(55)
Net financials	(3,884)	(73)	923
Taxes	(9,033)	(1,351)	(1,691)
Profit (loss) from discontinued operations	(742)	(1,562)	44
Minorities	3,421	935	824
Net income - Telenor equity holders	7,773	1,774	7,689
Earnings per share (NOK)	5.40	1.25	5.49



Debt maturity profile (NOK bn)

Net debt* in partly-owned subsidiaries:

NOK bn	Q4 2020	Q4 2019
Digi	9.1	8.1
dtac	19.6	19.2
Grameenphone	1.4	0.3



Net debt reconciliation

NOK bn	Q4 2020	Q4 2019
Non-current interest bearing liabilities	98.6	84.0
Non-current lease liabilities	35.6	32.0
Current interest bearing liabilities	7.3	14.8
Current lease liabilities	9.3	9.3
Cash and cash equivalents	(20.6)	(13.9)
Fair value hedge instruments	(2.4)	(2.0)
Financial instruments	(0.4)	(0.5)
Non-current Licence obligations	(13.4)	(12.3)
Current Licence obligations	(3.6)	(4.4)
Net interest bearing debt excl. licence obligations	110.4	107.0



Balance sheet and key ratios

	31 Dec 2020	31 Dec 2019
Total assets	256.4	248.9
Equity attributable to Telenor ASA shareholders	38.3	38.1
Gross debt*	150.8	140.0
Net debt	110.4	107.0
Net debt/EBITDA**	2.0	2.0
Return on capital employed***	13.2%	11.6%

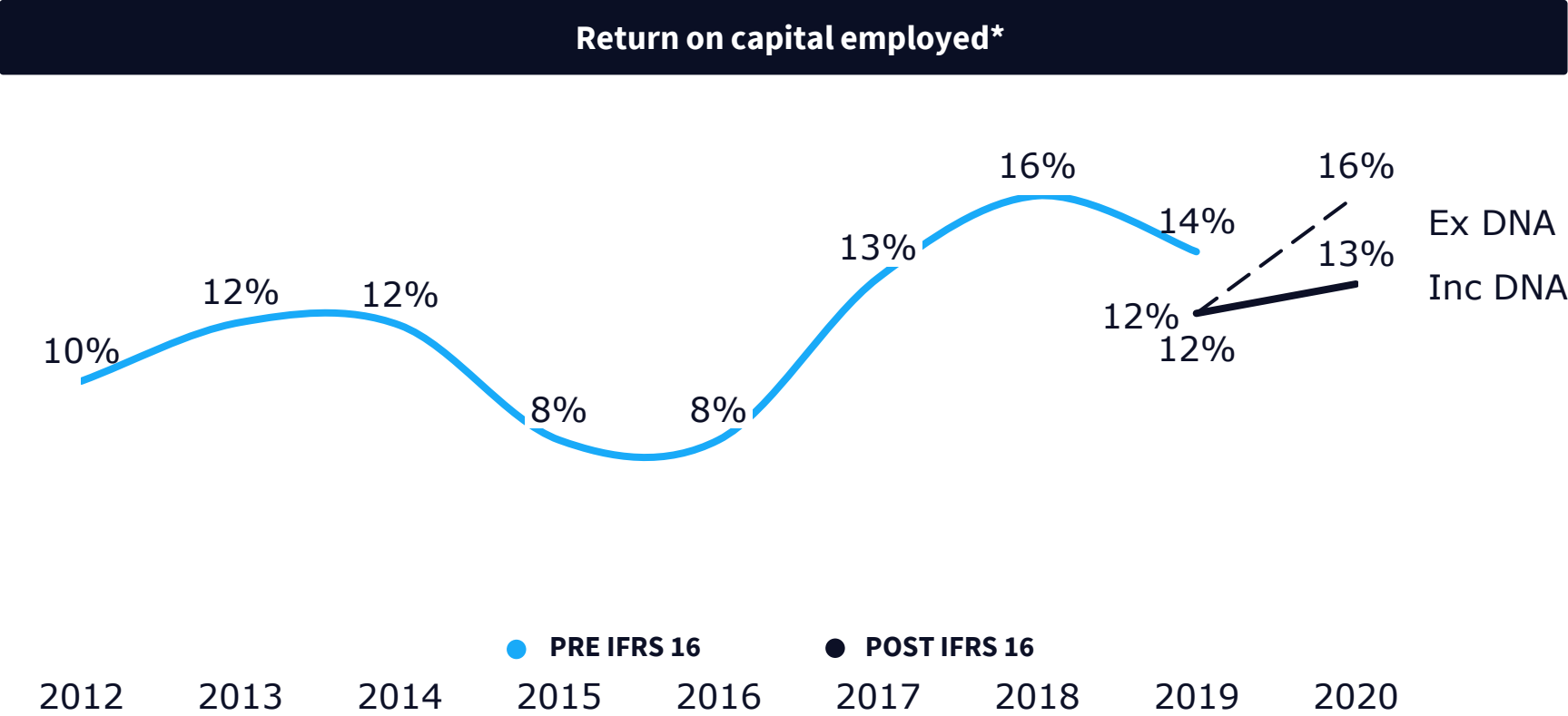
*) Gross debt = current interest bearing liabilities + non-current interest bearing liabilities + current and non current lease liabilities

**) 12 months rolling EBITDA. For periods before consolidation of DNA, pro forma figures have been included.

***) Calculated based on an after tax basis of the last twelve months return on average capital employed



Return on capital employed



*) ROCE is calculated excluding DNA and discontinued operations (Canal Digital)

